First Quarter 2020 Results

April 23, 2020

Forward-Looking Statements

Please note that the following materials containing information regarding Capital One's financial performance speak only as of the particular date or dates indicated in these materials. Capital One does not undertake any obligation to update or revise any of the information contained herein whether as a result of new information, future events or otherwise.

Certain statements in this presentation and other oral and written statements made by Capital One from time to time are forward-looking statements, including those that discuss, among other things: strategies, goals, outlook or other non-historical matters; projections, revenues, income, returns, expenses, capital measures, capital allocation plans, accruals for claims in litigation and for other claims against Capital One, earnings per share, efficiency ratio or other financial measures for Capital One; future financial and operating results; Capital One's plans, objectives, expectations and intentions; and the assumptions that underlie these matters. To the extent that any such information is forward-looking, it is intended to fit within the safe harbor for forward-looking information provided by the Private Securities Litigation Reform Act of 1995. Numerous factors could cause Capital One's actual results to differ materially from those described in such forward-looking statements, including, among other things: the impact of the COVID-19 pandemic and related public health measures on our business, financial condition and results of operations; general economic and business conditions in the U.S., the U.K., Canada or Capital One's local markets, including conditions affecting employment levels, interest rates, tariffs, collateral values, consumer income, credit worthiness and confidence, spending and savings that may affect consumer bankruptcies, defaults, charge-offs and deposit activity; an increase or decrease in credit losses, including increases due to a worsening of general economic conditions in the credit environment, and the impact of inaccurate estimates or inadequate reserves; compliance with financial, legal, regulatory, tax or accounting changes or actions, including the impacts of the Tax Act, the Dodd-Frank Act, and other regulations governing bank capital and liquidity standards; Capital One's ability to manage effectively its capital and liquidity; developments, changes or actions relating to any litigation, governmental investigation or regulatory enforcement action or matter involving Capital One, including those relating to U.K. PPI; the inability to sustain revenue and earnings growth; increases or decreases in interest rates and uncertainty with respect to the interest rate environment; uncertainty regarding, and transition away from, the London Interbank Offering Rate; Capital One's ability to access the capital markets at attractive rates and terms to capitalize and fund its operations and future growth; increases or decreases in Capital One's aggregate loan balances or the number of customers and the growth rate and composition thereof, including increases or decreases resulting from factors such as shifting product mix, amount of actual marketing expenses Capital One incurs and attrition of loan balances; the amount and rate of deposit growth; changes in deposit costs; Capital One's ability to execute on its strategic and operational plans; restructuring activities or other charges; Capital One's response to competitive pressures; changes in retail distribution strategies and channels, including the emergence of new technologies and product delivery systems; Capital One's success in integrating acquired businesses and loan portfolios, and its ability to realize anticipated benefits from announced transactions and strategic partnerships; the success of Capital One's marketing efforts in attracting and retaining customers; changes in the reputation of, or expectations regarding, the financial services industry or Capital One with respect to practices, products or financial condition; any significant disruption in Capital One's operations or in the technology platforms on which Capital One relies, including cybersecurity, business continuity and related operational risks, as well as other security failures or breaches of Capital One's systems or those of its customers, partners, service providers or other third parties; the potential impact to Capital One's business, operations and reputation from, and expenses and uncertainties associated with, the Cybersecurity Incident it announced on July 29, 2019 and associated legal proceedings and other inquiries or investigations; Capital One's ability to maintain a compliance and technology infrastructure suitable for the nature of its business; Capital One's ability to develop and adapt to rapid changes in digital technology to address the needs of its customers and comply with applicable regulatory standards, including compliance with data protection and privacy standards; the effectiveness of Capital One's risk management strategies; Capital One's ability to control costs, including the amount of, and rate of growth in, its expenses as Capital One's business develops or changes or as Capital One expands into new market areas; the extensive use, reliability and accuracy of the models and data Capital One relies on; Capital One's ability to recruit and retain talented and experienced personnel; the impact from, and Capital One's ability to respond to, natural disasters and other catastrophic events; changes in the labor and employment markets; fraud or misconduct by Capital One's customers, employees, business partners or third parties; merchants' increasing focus on the fees charged by credit card networks; and other risk factors listed from time to time in reports that Capital One files with the Securities and Exchange Commission, including, but not limited to, the Annual Report on Form 10-K for the year ended December 31, 2019. We expect that the effects of the COVID-19 pandemic will heighten the risks associated with many of these factors.

You should carefully consider the factors discussed above in evaluating these forward-looking statements. All information in these slides is based on the consolidated results of Capital One Financial Corporation, unless otherwise noted. A reconciliation of any non-GAAP financial measures included in this presentation can be found in Capital One's Current Report on Form 8-K filed April 23, 2020, available on its website at www.capitalone.com under "Investors."

Company Highlights

- Net loss for the first quarter of 2020 of $1.3 billion, or $3.10 per diluted common share
  - Excluding adjusting items, net loss per diluted common share for the first quarter of 2020 of $3.02 (1)
- Pre-provision earnings increased 8% to $3.5 billion for the first quarter of 2020(2)
- Provision for credit losses of $5.4 billion for the first quarter of 2020
- Efficiency ratio of 51.44% for the first quarter of 2020
  - Efficiency ratio excluding adjusting items was 50.77%(1)
- Operating efficiency ratio of 44.67% for the first quarter of 2020
  - Operating efficiency ratio excluding adjusting items was 43.99%(1)
- Adjusting items in the quarter, which are excluded from diluted earnings per share (EPS) and efficiency ratio metrics (see slide 15 for additional information):

(Dollars in millions, except per share data)	**Pre-Tax Impact**	**Diluted EPS Impact**
Legal reserve build	$ 45	$ 0.07
Cybersecurity Incident expenses, net of insurance	4	0.01

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 12.0% at March 31, 2020
- Repurchased 3.7 million common shares; repurchases suspended in March
- Period-end loans held for investment decreased $2.8 billion to $263.0 billion
- Average loans held for investment increased $4.0 billion to $262.9 billion
- Period-end total deposits increased $7.0 billion to $269.7 billion
- Average total deposits increased $4.6 billion to $264.7 billion

Note: All comparisons are for the first quarter of 2020 compared with the fourth quarter of 2019 unless otherwise noted. Regulatory capital metrics and capital ratios as of March 31, 2020 are preliminary and therefore subject to change.

(1) Amounts excluding adjusting items are non-GAAP measures. See Appendix slides 15 for the reconciliation of non-GAAP measures to our reported results.

(2) Pre-provision earnings is calculated based on the sum of net interest income and non-interest income, less non-interest expense for the period.

Allowance and Provision for Credit Losses

(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking	Total
Allowance for credit losses:				
Balance as of December 31, 2019	$ 5,395	$ 1,038	$ 775	$ 7,208
CECL adoption	**2,241**	**502**	**102**	**2,845**
Finance charge and fee reserve (FCFR) reclassification	**462**	**0**	**0**	**462**
Balance as of January 1, 2020	**8,098**	**1,540**	**877**	**10,515**
Net charge-offs	**(1,436)**	**(246)**	**(109)**	**(1,791)**
Provision for credit losses[1]	**3,702**	**860**	**805**	**5,367**
Allowance build for credit losses[2]	**2,248**	**614**	**696**	**3,558**
Balance as of March 31, 2020	**$ 10,346**	**$ 2,154**	**$ 1,573**	**$ 14,073**

Allowance and Provision for Credit Losses

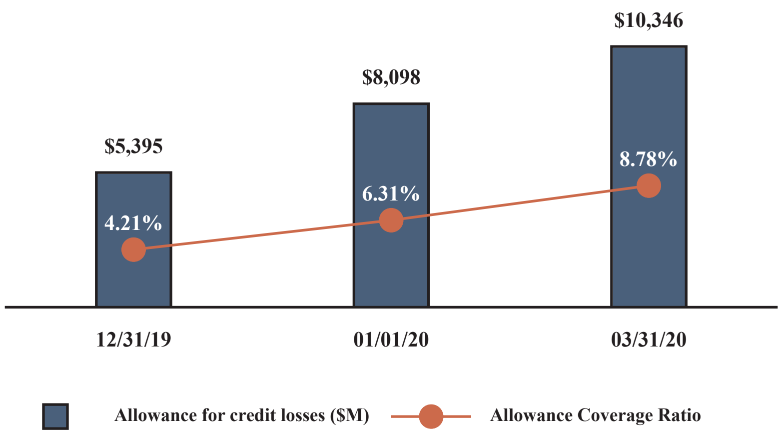
- CECL adoption increased our allowance for credit losses by $2.8 billion as of January 1, 2020, in line with expectations
- As part of CECL adoption, our FCFR is now included in the allowance for credit losses
- Allowance build for the first quarter of $3.6 billion was primarily driven by:
  - Significant economic uncertainty due to the COVID-19 pandemic
  - Credit deterioration in the oil and gas industry

(1) Does not includes $51 million of provision related to unfunded lending commitment that is recorded in other liabilities in Commercial Banking.

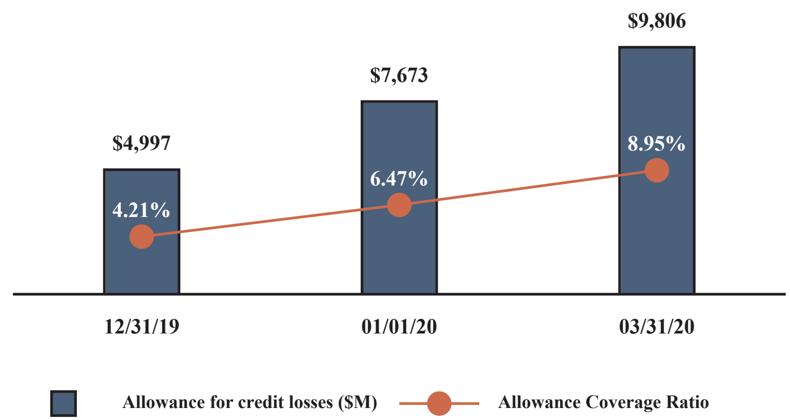
(2) Includes $18 million of foreign currency translation adjustments in Credit Card.

Allowance Coverage Ratios by Segment

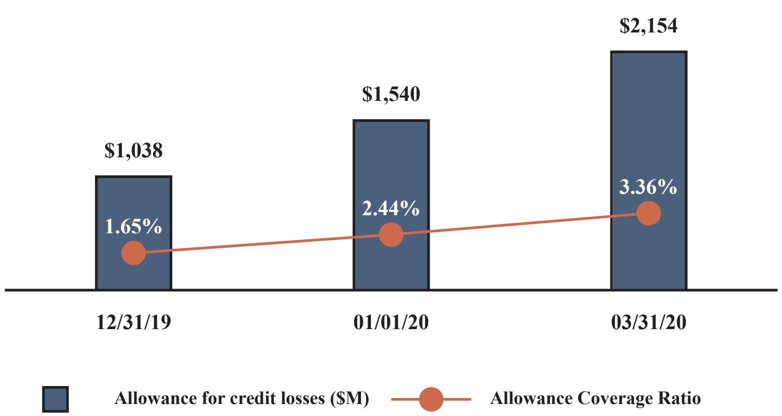
Credit Card



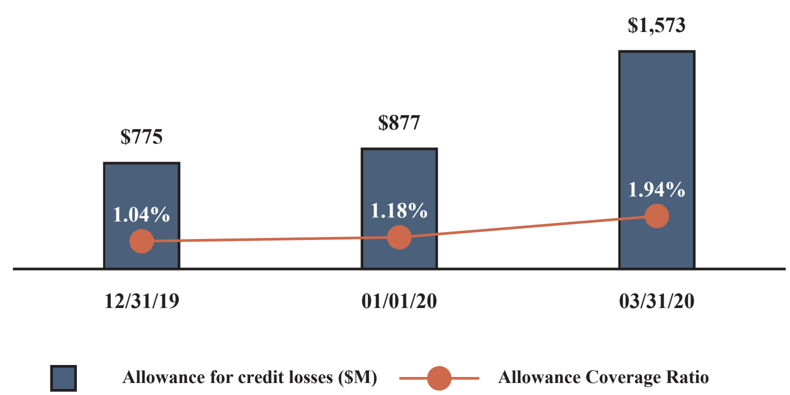
Domestic Card[1]



Consumer Banking

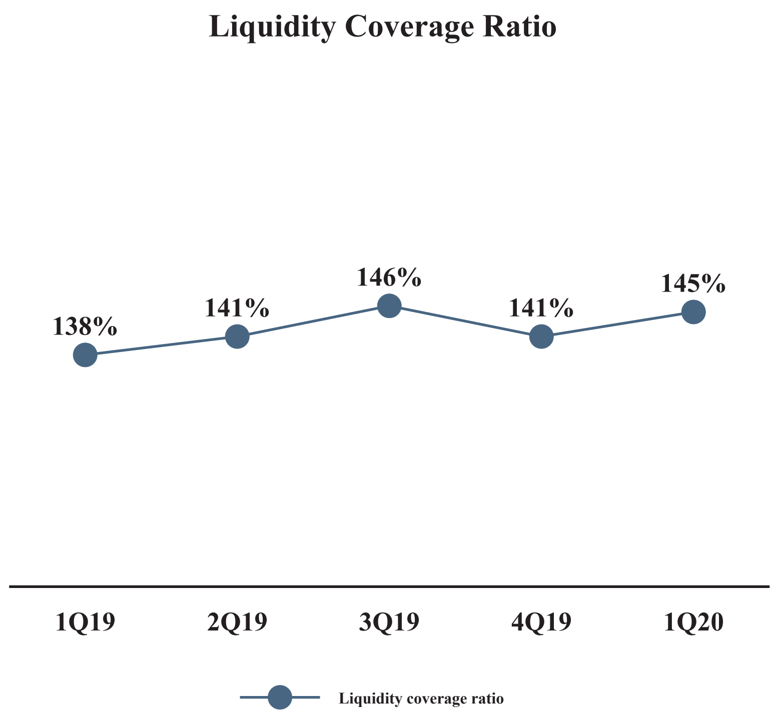


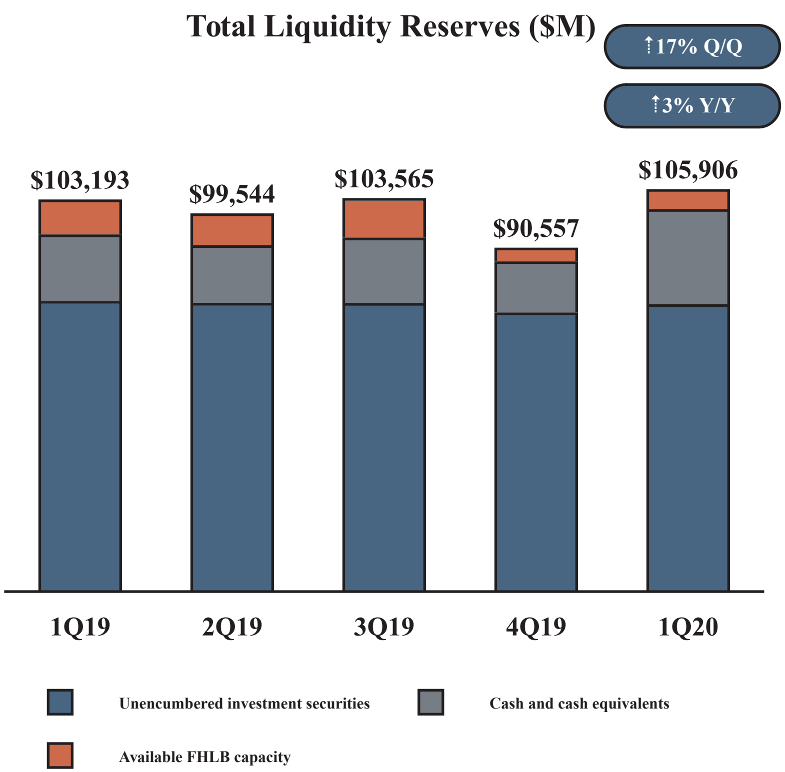
Commercial Banking



(1) Branded card allowance coverage ratio was 10.1% at March 31, 2020.

Liquidity





First Quarter 2020 Highlights

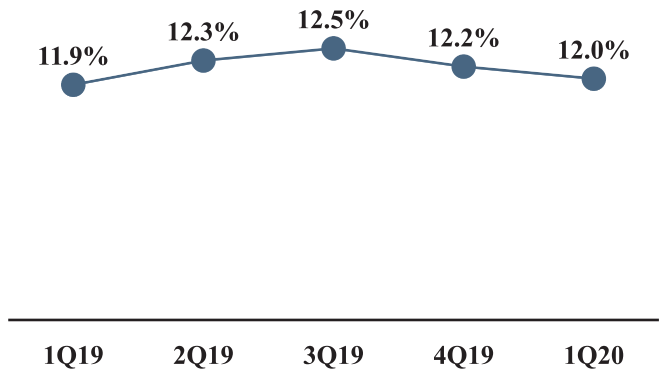
- Average quarterly liquidity coverage ratio of 145%
- Total liquidity reserves of $105.9 billion as of March 31, 2020
    - $24.9 billion cash and cash equivalents balance
    - Covers over 10 years of wholesale funding maturities

Note: LCR is preliminary and subject to change.

Capital

(Dollars in millions)	Amount	Ratio
Common equity Tier 1 (CET1) as of December 31, 2019	$ 38,162	12.2%
Q1 2020 Net loss	**(1,340)**	**(43)bps**
Adjustments:		
25% of Q1 2020 allowance build deferral (pre-tax)	**907**	**29**
AOCI opt-out	**(920)**	**(29)**
Other quarterly activities	**(569)**	**(18)**
Risk Weighted Assets changes	**N/A**	**41**
CET1 as of March 31, 2020	**36,240**	**12.0%**

Common Equity Tier 1 Capital Ratio

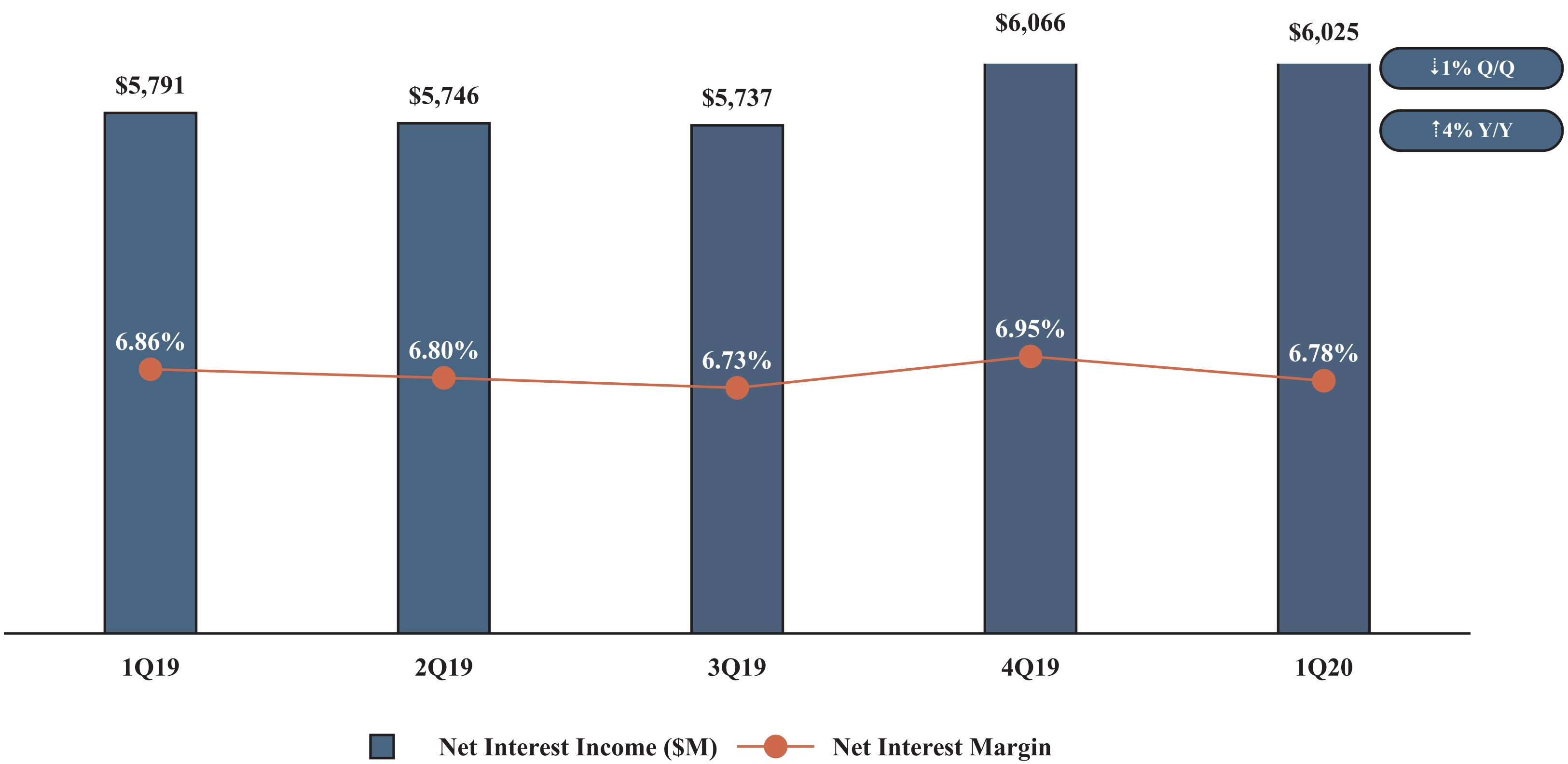


First Quarter 2020 Highlights

- We elected the AOCI opt-out under the Tailoring Rules, which had contributed 29 basis points to our CET1 capital ratio
- We elected to defer the following amounts for regulatory capital purposes as permitted by the interim final rule issued by the Federal Banking Agencies in March 2020:
  - The after-tax CECL adoption impact of $2.2 billion; and
  - 25% of the $3.6 billion allowance build in Q1 2020
- CET1 capital ratio of 12.0% at March 31, 2020

Note: Regulatory capital metrics and capital ratios as of March 31, 2020 are preliminary and therefore subject to change.

Net Interest Income and Net Interest Margin



First Quarter 2020 Highlights

- Net interest margin decreased 17 basis points quarter-over-quarter primarily driven by one less day to recognize income and changes in asset mix
- Net interest margin decreased 8 basis points year-over-year primarily driven by lower yields on interest-earning assets

Financial Summary—Business Segment Results

(Dollars in millions)	Three Months Ended March 31, 2020 Credit Card	Consumer Banking	Commercial Banking	Other	Total
Net interest income	$ 3,702	$ 1,657	$ 491	$ 175	$ 6,025
Non-interest income (loss)	911	126	238	(51)	1,224
Total net revenue	4,613	1,783	729	124	7,249
Provision for credit losses	3,702	860	856	5	5,423
Non-interest expense	2,208	991	412	118	3,729
Income (loss) from continuing operations before income taxes	(1,297)	(68)	(539)	1	(1,903)
Income tax benefit	(306)	(16)	(128)	(113)	(563)
Income (loss) from continuing operations, net of tax	$ (991)	$ (52)	$ (411)	$ 114	$ (1,340)

Credit Card

(Dollars in millions, except as noted)	2020 Q1	2019 Q4	2019 Q1	2020 Q1 vs. 2019 Q4	2020 Q1 vs. 2019 Q1
Earnings:					
Net interest income	**$ 3,702**	$ 3,794	$ 3,590	(2)%	3%
Non-interest income	**911**	1,030	950	(12)	(4)
Total net revenue	**4,613**	4,824	4,540	(4)	2
Provision for credit losses	**3,702**	1,421	1,389	161	167
Non-interest expense	**2,208**	2,487	2,171	(11)	2
Pre-tax income (loss)	**(1,297)**	916	980	**	**
Selected performance metrics:					
Period-end loans held for investment[1]	**$ 117,797**	$ 128,236	$ 109,836	(8)%	7%
Average loans held for investment[1]	**122,776**	122,085	111,456	1	10
Total net revenue margin	**15.03%**	15.80%	16.29%	(77)bps	(126)bps
Net charge-off rate	**4.68**	4.31	4.90	37	(22)
Purchase volume	**$ 99,920**	$ 116,631	$ 93,197	(14)%	7%

(1) Concurrent with our adoption of the CECL standard in the first quarter of 2020, we reclassified our finance charge and fee reserve to our allowance for credit losses, with a corresponding increase to credit card loans held for investment.

First Quarter 2020 Highlights

- Ending loans up $8.0 billion, or 7%, year-over-year; average loans up $11.3 billion, or 10%, year-over-year
- Purchase volume up 7% year-over-year
- Revenue up $73 million, or 2%, year-over-year
- Revenue margin of 15.03%
- Non-interest expense up $37 million, or 2%, year-over-year
- Provision for credit losses up $2.3 billion, or 167%, year-over-year
- Net charge-off rate of 4.68%

Domestic Card

(Dollars in millions, except as noted)	2020 Q1	2019 Q4	2019 Q1	2020 Q1 vs. 2019 Q4	2020 Q1 vs. 2019 Q1
Earnings:					
Net interest income	**$ 3,381**	$ 3,473	$ 3,273	(3)%	3%
Non-interest income	**842**	962	873	(12)	(4)
Total net revenue	**4,223**	4,435	4,146	(5)	2
Provision for credit losses	**3,464**	1,346	1,291	157	168
Non-interest expense	**1,984**	2,249	1,949	(12)	2
Pre-tax income (loss)	**(1,225)**	840	906	**	**
Selected performance metrics:					
Period-end loans held for investment[1]	**$ 109,549**	$ 118,606	$ 101,052	(8)%	8%
Average loans held for investment[1]	**113,711**	112,965	102,667	1	11
Total net revenue margin	**14.86%**	15.70%	16.15%	(84)bps	(129)bps
Net charge-off rate	**4.68**	4.32	5.04	36	(36)
30+ day performing delinquency rate	**3.69**	3.93	3.72	(24)	(3)
Purchase volume	**$ 92,248**	$ 107,154	$ 85,738	(14)%	8%

[1] Concurrent with our adoption of the CECL standard in the first quarter of 2020, we reclassified our finance charge and fee reserve to our allowance for credit losses, with a corresponding increase to credit card loans held for investment.

First Quarter 2020 Highlights

- Ending loans up \$8.5 billion, or 8%, year-over-year; average loans up \$11.0 billion, or 11%, year-over-year
- Purchase volume up 8% year-over-year
- Revenue up \$77 million, or 2%, year-over-year
- Revenue margin of 14.86%
- Non-interest expense up \$35 million, or 2%, year-over-year
- Provision for credit losses up \$2.2 billion, or 168%, year-over-year
- Net charge-off rate of 4.68%

Consumer Banking

(Dollars in millions, except as noted)	2020 Q1	2019 Q4	2019 Q1	2020 Q1 vs. 2019 Q4	2020 Q1 vs. 2019 Q1
Earnings:					
Net interest income	**$ 1,657**	$ 1,662	$ 1,679	—	(1)%
Non-interest income	**126**	152	160	(17)%	(21)
Total net revenue	**1,783**	1,814	1,839	(2)	(3)
Provision for credit losses	**860**	335	235	157	**
Non-interest expense	**991**	1,110	994	(11)	—
Pre-tax income (loss)	**(68)**	369	610	**	**
Selected performance metrics:					
Period-end loans held for investment	**$ 64,033**	$ 63,065	$ 59,248	2%	8%
Average loans held for investment	**63,671**	62,596	59,065	2	8
Auto loan originations	**7,640**	7,527	6,222	2	23
Period-end deposits	**217,607**	213,099	205,439	2	6
Average deposits	**215,071**	209,783	201,072	3	7
Average deposits interest rate	**1.06%**	1.20%	1.18%	(14)bps	(12)bps
Net charge-off rate	**1.54**	1.93	1.49	(39)	5

First Quarter 2020 Highlights

- Ending loans up $4.8 billion, or 8%, year-over-year; average loans up $4.6 billion, or 8%, year-over-year
- Ending deposits up $12.2 billion, or 6%, year-over-year
- Revenue down $56 million, or 3%, year-over-year
- Non-interest expense remained flat year-over-year
- Provision for credit losses up $625 million year-over-year
- Net charge-off rate of 1.54%

Commercial Banking

(Dollars in millions, except as noted)	2020 Q1	2019 Q4	2019 Q1	2020 Q1 vs. 2019 Q4	2020 Q1 vs. 2019 Q1
Earnings:					
Net interest income	**$ 491**	$ 494	$ 489	(1)%	—
Non-interest income	**238**	223	187	7	27%
Total net revenue	**729**	717	676	2	8
Provision for credit losses	**856**	62	69	**	**
Non-interest expense	**412**	441	417	(7)	(1)
Pre-tax income (loss)	**(539)**	214	190	**	**
Selected performance metrics:					
Period-end loans held for investment	**$ 81,160**	$ 74,508	$ 71,189	9%	14%
Average loans held for investment	**76,442**	74,189	71,438	3	7
Period-end deposits	**32,822**	32,134	31,248	2	5
Average deposits	**32,238**	32,034	30,816	1	5
Average deposits interest rate	**0.89%**	1.10%	1.11%	(21)bps	(22)bps
Net charge-off rate	**0.57**	0.35	0.08	22	49
Risk category as a percentage of period-end loans held for investment:[(1)]					
Criticized performing	**3.6%**	2.9%	2.9%	70bps	70bps
Criticized nonperforming	**0.6**	0.6	0.5	—	10

(1) Criticized exposures correspond to the "Special Mention," "Substandard" and "Doubtful" asset categories defined by bank regulatory authorities.

First Quarter 2020 Highlights

- Ending loans up $10.0 billion, or 14%, year-over-year; average loans up $5.0 billion, or 7%, year-over-year
- Ending deposits up $1.6 billion, or 5%, year-over-year; average deposits up $1.4 billion, or 5%, year-over-year
- Revenue up $53 million, or 8%, year-over-year
- Non-interest expense remained flat year-over-year
- Provision for credit losses up $787 million year-over-year
- Net charge-off rate of 0.57%
- Criticized performing loan rate of 3.6% and criticized nonperforming loan rate of 0.6%

Appendix

Non-GAAP Measures

(Dollars in millions, except per share data and as noted)	Three Months Ended March 31, 2020 Reported Results	Adj.[1]	Adjusted Results	Three Months Ended December 31, 2019 Reported Results	Adj.[1]	Adjusted Results	Three Months Ended March 31, 2019 Reported Results	Adj.[1]	Adjusted Results
Selected income statement data:									
Net interest income	**$ 6,025**	**—**	**$ 6,025**	$ 6,066	—	$ 6,066	$ 5,791	—	$ 5,791
Non-interest income	**1,224**	**—**	**1,224**	1,361	—	1,361	1,292	—	1,292
Total net revenue	**7,249**	**—**	**7,249**	7,427	—	7,427	7,083	—	7,083
Provision for credit losses	**5,423**	**—**	**5,423**	1,818	$ (84)	1,734	1,693	—	1,693
Non-interest expense	**3,729**	**$ (49)**	**3,680**	4,161	(64)	4,097	3,671	$ (25)	3,646
Income (loss) from continuing operations before income taxes	**(1,903)**	**49**	**(1,854)**	1,448	148	1,596	1,719	25	1,744
Income tax provision (benefit)	**(563)**	**12**	**(551)**	270	35	305	309	6	315
Income (loss) from continuing operations, net of tax	**(1,340)**	**37**	**(1,303)**	1,178	113	1,291	1,410	19	1,429
Income (loss) from discontinued operations, net of tax	**—**	**—**	**—**	(2)	—	(2)	2	—	2
Net income (loss)	**(1,340)**	**37**	**(1,303)**	1,176	113	1,289	1,412	19	1,431
Dividends and undistributed earnings allocated to participating securities[2]	**(3)**	**—**	**(3)**	(7)	(1)	(8)	(12)	—	(12)
Preferred stock dividends	**(55)**	**—**	**(55)**	(97)	—	(97)	(52)	—	(52)
Issuance cost for redeemed preferred stock	**(22)**	**—**	**(22)**	(31)	—	(31)	—	—	—
Net income (loss) available to common stockholders	**$ (1,420)**	**$ 37**	**$ (1,383)**	$ 1,041	$ 112	$ 1,153	$ 1,348	$ 19	$ 1,367
Selected performance metrics:									
Diluted EPS[2]	**$ (3.10)**	**$ 0.08**	**$ (3.02)**	$ 2.25	$ 0.24	$ 2.49	$ 2.86	$ 0.04	$ 2.90
Efficiency ratio	**51.44%**	**(67)bps**	**50.77%**	56.03%	(87)bps	55.16%	51.83%	(35)bps	51.48%
Operating efficiency ratio	**44.67**	**(68)**	**43.99**	46.47	(87)	45.60	44.53	(35)	44.18

Note: We believe these selected non-GAAP measures help investors and users of our financial information understand the effect of the adjustments on our selected reported results. These adjusted results provide alternate measurements of our operating performance, both for the current period and trends across multiple periods. These non-GAAP measures should not be viewed as a substitute for our reported results determined in accordance with accounting principles generally accepted in the U.S. ("GAAP"), nor are they necessarily comparable to non-GAAP measures that may be presented by other companies.

(1) Adjustments for the following periods consist of:

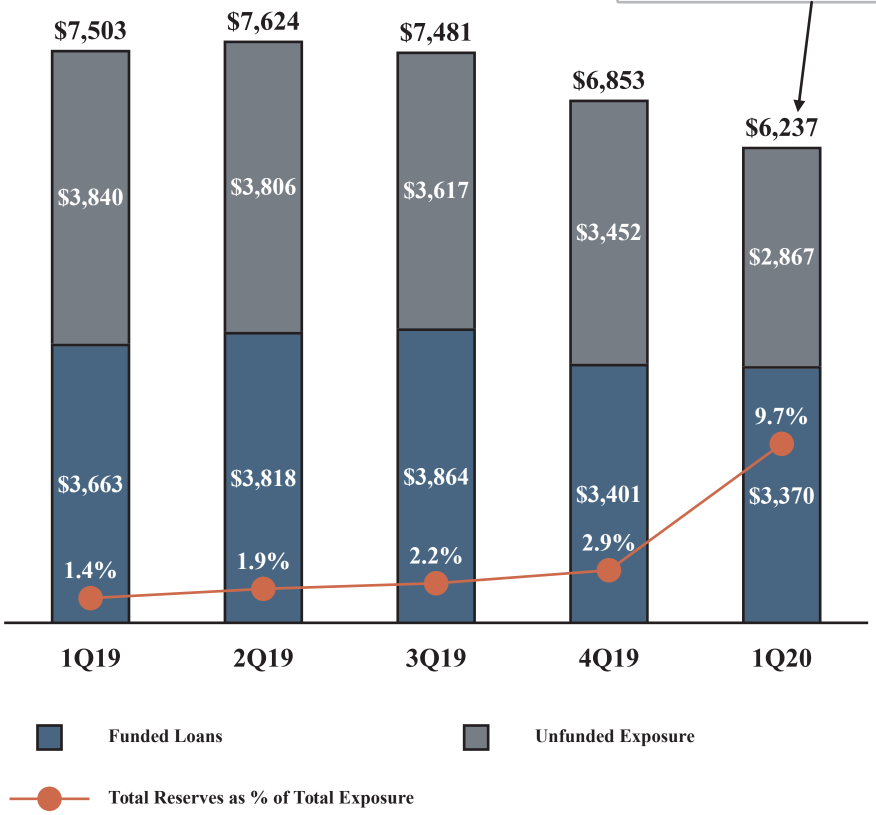
(Dollars in millions)	2020 Q1	2019 Q4	2019 Q1
Legal reserve build	**$ 45**	—	—
Cybersecurity Incident expenses, net of insurance	**4**	$ 16	—
Initial allowance build on acquired Walmart portfolio	**—**	84	—
Walmart launch and related integration expenses	**—**	48	$ 25
Total	**49**	148	25
Income tax provision	**12**	35	6
Net income	**$ 37**	$ 113	$ 19

(2) Dividends and undistributed earnings allocated to participating securities and earnings per share are computed independently for each period. Accordingly, the sum of each quarterly amount may not agree to the year-to-date total.

Commercial Oil and Gas Portfolio

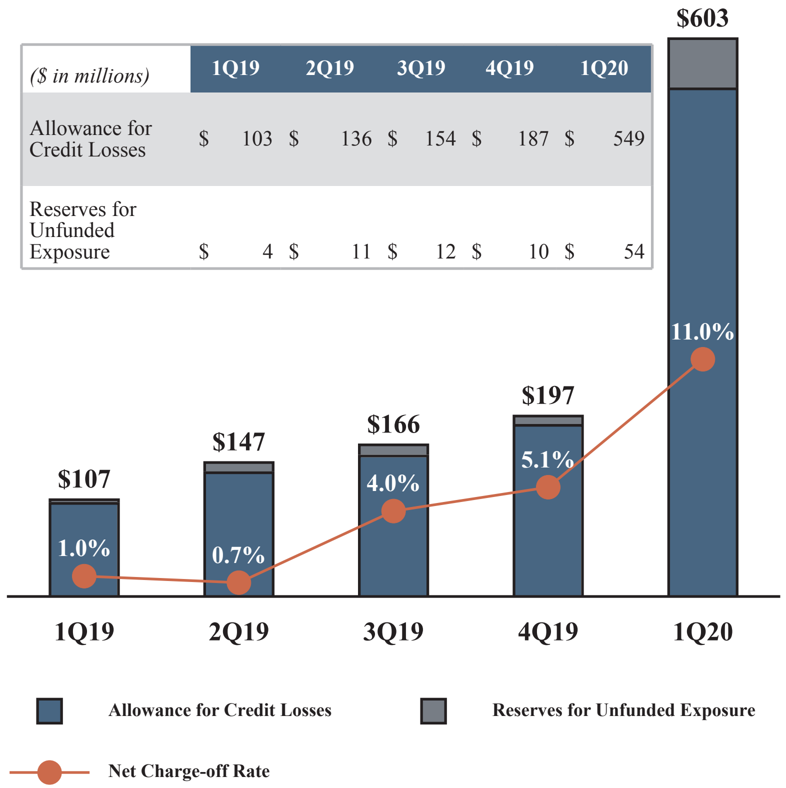
Total Exposure ($M)

Exploration and production	72%
Midstream and other	26%
Oilfield services	2%



Total Reserves ($M)

($ in millions)	1Q19	2Q19	3Q19	4Q19	1Q20
Allowance for Credit Losses	$ 103	$ 136	$ 154	$ 187	$ 549
Reserves for Unfunded Exposure	$ 4	$ 11	$ 12	$ 10	$ 54



Note: Total exposure above includes both loans held for investment and unfunded lending commitments.

Note: Total reserves above represent the allowance for credit losses and the reserve for unfunded lending commitments recorded in other liabilities.